

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: <u>City of Springfield</u>	County Calhoun
Audit Date June 30, 2004	Opinion Date September 24, 2004	Date Accountant Report Submitted To State: March 1, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>PLANTE &amp; MORAN, PLLC</b>			
Street Address 750 Trade Centre Way, Suite 300		City Portage	State Michigan
ZIP 49002			
Accountant Signature 			

# City of Springfield, Michigan

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Financial Report  
with Supplemental Information  
June 30, 2004

# City of Springfield

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## Independent Auditor's Report

To the Members of the City Council  
City of Springfield, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Springfield, Michigan as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Springfield, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Springfield, Michigan as of June 30, 2004 and the respective changes in financial position and cash flows thereof, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



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To the Members of the City Council  
City of Springfield, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springfield, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2003.

*Plante & Moran, PLLC*

September 24, 2004

# City of Springfield

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## Management's Discussion and Analysis

Our discussion and analysis of the City of Springfield, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the City's financial statements.

### **Financial Highlights**

As discussed in further detail in the discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2004:

- The slight decrease in governmental activity net assets of \$9,671 reveals stability from the City's revenue sources along with conservative spending. Real property tax collections remain steady and show an increase of 2.6 percent, while personal property collections declined due to some business closures or downsizing, responding to economic hardship. Income tax collections remain strong and show an increase of 4.2 percent. Income tax provided funding of four public safety and three public works full-time positions.
- State-shared revenue, the City's second largest revenue source for the General Fund, was reduced by the State of Michigan by \$91,000, or 10.4 percent this year, totaling a revenue cut of over \$209,000 since fiscal year 2001/2002. State-shared revenue cuts required the use of undesignated General Fund balance of approximately \$90,000 at year end. The City continues to react to the loss of state-shared revenue by constraining operational and capital outlay expenditures. One full-time public safety position remains vacant as a cost containment measure.
- The City's overall financial health remains strong, and the City has been able to pursue projects as planned and budgeted.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

# City of Springfield

## Management's Discussion and Analysis (Continued)

### The City as a Whole

The following table shows, in a condensed format, the net assets as of June 30, 2004. In future years, when prior year information is available, comparative data will be presented.

#### Summary Condensed Statement of Net Assets

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets	\$ 2,088,200	\$ 739,854	\$ 2,828,054
Noncurrent assets	<u>10,031,803</u>	<u>2,973,679</u>	<u>13,005,482</u>
Total assets	12,120,003	3,713,533	15,833,536
<b>Liabilities</b>			
Current liabilities	260,053	52,307	312,360
Long-term liabilities	<u>704,868</u>	<u>-</u>	<u>704,868</u>
Total liabilities	<u>964,921</u>	<u>52,307</u>	<u>1,017,228</u>
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	8,800,314	2,973,679	11,773,993
Unrestricted	<u>2,354,768</u>	<u>687,547</u>	<u>3,042,315</u>
Total net assets	<u><b>\$ 11,155,082</b></u>	<u><b>\$ 3,661,226</b></u>	<u><b>\$ 14,816,308</b></u>

The City's governmental and business-type assets, which include land, buildings, vehicles, equipment, machinery, computer systems, office furniture, and street and utility infrastructure, are rich in comparison to long-term liabilities, which primarily represent bonding debt for street projects. The City recently implemented an "asset capitalization policy," defining asset capitalization thresholds, useful life, and the depreciation method used to track and record the capital assets of the City.



# City of Springfield

## Management's Discussion and Analysis (Continued)

The following table shows, in a condensed format, the changes of the net assets during the current year. In future years, when prior year information is available, comparative data will be presented.

### Summary Condensed Income Statement

	Governmental Activities	Business-type Activities	Total
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 163,112	\$ 1,008,016	\$ 1,171,128
Operating grants and contributions	477,658	-	477,658
Capital grants and contributions	220,000	-	220,000
General revenue:			
Property taxes	997,244	-	997,244
Income taxes	673,432	-	673,432
State-shared revenue	789,335	-	789,335
Unrestricted investment earnings	25,901	4,325	30,226
Miscellaneous	216,087	43,732	259,819
Total revenue	3,562,769	1,056,073	4,618,842
<b>Program Expenses</b>			
General government	596,167	-	596,167
Public safety	1,819,397	-	1,819,397
Public works	488,189	-	488,189
Highways and streets	266,750	-	266,750
Cemetery and parks	94,109	-	94,109
Economic development and culture	104,652	-	104,652
Other	196,890	-	196,890
Debt service payments	6,286	-	6,286
Water and sewer	-	996,890	996,890
Refuse	-	144,932	144,932
Total program expenses	3,572,440	1,141,822	4,714,262
<b>Change in Net Assets</b>	<b>\$ (9,671)</b>	<b>\$ (85,749)</b>	<b>\$ (95,420)</b>

# City of Springfield

## Management's Discussion and Analysis (Continued)

### Governmental Activities

- **Street Projects** - The City completed two key street reconstruction projects costing \$906,933 this year. Funding sources included: income tax (\$507,000), captured tax increment (\$220,000), Act 51 state-shared revenue, and special assessments. No debt was incurred to fund these projects.
- **Parks** - Over the past three years, the City has made significant improvements to Begg Park. A "Farmers Market" was constructed, and new playground equipment, paths, benches, table and grills have been added. This year, the park and Farmers Market embraced increased activity and noted favorable response from area vendors and residents, improving the quality of life in the City. Activities and events at the Farmers Market generated over \$13,000 in revenue this year.
- **Economic Development** - A short-term loan for \$41,000 was made from the City's Economic Development Fund last year to assist a new Springfield business in purchasing equipment needed to expand its business. This loan was paid off in July 2004, and the business is thriving - an enhancement to real, personal, and income tax revenue in years to come.
- **Public Safety Grant** - A federal grant in the amount of \$25,200 was awarded to the Public Safety Department used to purchase five complete self-contained breathing apparatus with 20 additional face pieces.

### Business-type Activities

The \$85,749 decrease in net assets of the business-type activities (sewer, water, and refuse services) includes a noncash depreciation expense. Also, in the Sewer Fund, financial assistance was provided to property owners to facilitate mandatory city-wide connection to the sewer system by December 31, 2004. Financed sewer connection costs will be repaid through special assessments spread over a period of five years, earning 6 percent interest. A sewer rate study has been recommended.

### Component Units

The City's Tax Increment Finance Authority is comprised of four development areas: A, B, C, and D. All four continue to grow and achieve the objective of Act 450. This year, TIFA B provided \$220,000 in funding for two capital street projects. Taxable value growth remains steady in the development areas.

# City of Springfield

## Management's Discussion and Analysis (Continued)

### **General Fund Budgetary Highlights**

The General Fund pays for most of the City's governmental services. The primary services include public safety (police and fire protection), other public services provided by the Public Works Department, administration, parks and recreation. As shown in the required supplemental information, the City originally budgeted revenues at \$2,107,000 and operational expenditures at \$2,299,300. During the year, the City amended the budgeted revenues to \$2,037,700 and expenses to \$2,377,600. At year end, actual revenues collected vs. operating expenses resulted in a deficit and use of fund balance totaling \$90,107. The significant differences of the original budget to actual included:

- State-shared revenue cuts
- Personal property - Decrease in taxable value
- Capital outlay - New heating/air system in public safety building
- Medical insurance - Rate increase greater than originally budgeted
- Property and liability insurance - Rate increase greater than originally budgeted

### **Capital Asset and Debt Administration**

All current debt represents bonding for capital street projects, utility infrastructure, and the purchase of a fire truck. This year, the general government retired \$140,000 in bonded debt, the component units, or TIFAs retired \$195,000, and an installment payment for the fire truck retired over \$17,000. The combined original debt for general government and the component units was \$5,093,000, with the oldest issue in 1991. This year ended with a principal balance of \$2,499,161. The 1991 bond issue with a remaining principal balance of \$350,000 will be paid off in May 2006.

### **Economic Factors and Next Year's Budget**

- **General Fund** - The City's General Fund budget for next fiscal year is conservative, expecting additional state-shared revenue cuts and assumed an increase in health care and property/liability insurance costs. Income tax will provide funding for eight full-time positions. One full-time public safety position will remain vacant in an effort to constrain costs. The approved budget projects a \$46,000 deficit or use of fund balance.
- **Streets** - A total of \$166,000 is budgeted for major and local street projects. The State expects Act 51 monies to be cut up to 4 percent.
- **Component Unit Capital Projects** - A total of \$239,500 is budgeted next year for projects that include the development of a business park in TIFA Development Area A. The project is expected to enhance business opportunities and the overall taxable value of the City.

### **Contacting the City's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the City Manager's office.

# City of Springfield, Michigan

## Statement of Net Assets June 30, 2004

	Primary Government			Component
	Governmental	Business-type		Units
	Activities	Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 2)	\$ 931,959	\$ 360,983	\$ 1,292,942	\$ 537,241
Investments (Note 2)	761,612	101,078	862,690	503,393
Receivables:				
Customers	-	177,201	177,201	-
Special assessment	452,328	32,294	484,622	160,455
Delinquent	19,739	-	19,739	-
Other	109,271	-	109,271	-
Notes receivable	21,432	-	21,432	-
Due from other governmental units	235,853	68,298	304,151	-
Capital assets - Net (Note 4)	9,579,475	2,973,679	12,553,154	-
Prepaid costs and other assets	8,334	-	8,334	-
<b>Total assets</b>	<b>12,120,003</b>	<b>3,713,533</b>	<b>15,833,536</b>	<b>1,201,089</b>
<b>Liabilities</b>				
Accounts payable	40,888	14,031	54,919	46
Accrued and other liabilities	27,138	-	27,138	-
Due to other governmental unit	-	5,982	5,982	-
Deferred revenue	-	32,294	32,294	-
Noncurrent liabilities (Note 6):				
Due within one year	192,027	-	192,027	205,000
Due in more than one year	587,134	-	587,134	1,515,000
Employee absences	117,734	-	117,734	-
<b>Total liabilities</b>	<b>964,921</b>	<b>52,307</b>	<b>1,017,228</b>	<b>1,720,046</b>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	8,800,314	2,973,679	11,773,993	-
Unrestricted	2,354,768	687,547	3,042,315	(518,957)
<b>Total net assets (deficit)</b>	<b>\$ 11,155,082</b>	<b>\$ 3,661,226</b>	<b>\$ 14,816,308</b>	<b>\$ (518,957)</b>

# City of Springfield, Michigan

## Statement of Activities Year Ended June 30, 2004

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Functions/Programs</b>								
Primary government:								
Governmental activities:								
General government	\$ 596,167	\$ 149,277	\$ -	\$ -	\$ (446,890)	\$ -	\$ (446,890)	\$ -
Public safety	1,819,397	-	14,895	-	(1,804,502)	-	(1,804,502)	-
Public works	488,189	-	25,230	-	(462,959)	-	(462,959)	-
Highways and streets	266,750	-	437,533	220,000	390,783	-	390,783	-
Cemetery and parks	94,109	6,256	-	-	(87,853)	-	(87,853)	-
Economic development and culture	104,652	7,579	-	-	(97,073)	-	(97,073)	-
Other	196,890	-	-	-	(196,890)	-	(196,890)	-
Interest on long-term debt	6,286	-	-	-	(6,286)	-	(6,286)	-
Total governmental activities	3,572,440	163,112	477,658	220,000	(2,711,670)	-	(2,711,670)	-
Business-type activities:								
Sewer Fund	588,467	434,483	-	-	-	(153,984)	(153,984)	-
Water Fund	408,423	426,423	-	-	-	18,000	18,000	-
Refuse Fund	144,932	147,110	-	-	-	2,178	2,178	-
Total business-type activities	1,141,822	1,008,016	-	-	-	(133,806)	(133,806)	-
Total primary government	<b>\$ 4,714,262</b>	<b>\$ 1,171,128</b>	<b>\$ 477,658</b>	<b>\$ 220,000</b>	(2,711,670)	(133,806)	(2,845,476)	-

# City of Springfield, Michigan

## Statement of Activities (Continued) Year Ended June 30, 2004

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Component units:								
Tax Increment Finance Authority Project A	\$ 3,429	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,429)
Tax Increment Finance Authority Project B	290,940	-	10,249	-	-	-	-	(280,691)
Tax Increment Finance Authority Project C	31,590	-	-	-	-	-	-	(31,590)
Tax Increment Finance Authority Project D	77,065	-	1,395	-	-	-	-	(75,670)
Total component units	<b>\$ 403,024</b>	<b>\$ -</b>	<b>\$ 11,644</b>	<b>\$ -</b>	-	-	-	(391,380)
General revenues:								
Property taxes					997,244	-	997,244	449,310
Income taxes					673,432	-	673,432	-
State-shared revenues					789,335	-	789,335	-
Unrestricted investment earnings					25,901	4,325	30,226	5,235
Miscellaneous					<u>216,087</u>	<u>43,732</u>	<u>259,819</u>	<u>324</u>
Total general revenue					<u>2,701,999</u>	<u>48,057</u>	<u>2,750,056</u>	<u>454,869</u>
Change in Net Assets					(9,671)	(85,749)	(95,420)	63,489
Net Assets - Beginning of year					<u>11,164,753</u>	<u>3,746,975</u>	<u>14,911,728</u>	<u>(582,446)</u>
Net Assets - End of year					<b><u>\$ 11,155,082</u></b>	<b><u>\$ 3,661,226</u></b>	<b><u>\$ 14,816,308</u></b>	<b><u>\$ (518,957)</u></b>

# City of Springfield

## Governmental Funds Balance Sheet June 30, 2004

	General Fund	Major Streets Fund	Local Streets Fund	Income Tax Fund	Bond Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 197,244	\$ 272,812	\$ 194,542	\$ 103,364	\$ 143	\$ 99,526	\$ 867,631
Investments	201,157	-	-	460,376	-	100,079	761,612
Special assessment receivable	-	252,850	183,027	-	-	21,286	457,163
Delinquent taxes receivable	19,739	-	-	-	-	-	19,739
Accounts receivable	12,819	-	-	91,405	-	-	104,224
Notes receivable	-	-	-	-	-	21,432	21,432
Due from other governmental units	159,768	57,538	18,547	-	-	-	235,853
Prepaid costs and other assets	8,334	-	-	-	-	-	8,334
Total assets	<b>\$ 599,061</b>	<b>\$ 583,200</b>	<b>\$ 396,116</b>	<b>\$ 655,145</b>	<b>\$ 143</b>	<b>\$ 242,323</b>	<b>\$ 2,475,988</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 33,183	\$ 2,464	\$ -	\$ 1,642	\$ -	\$ 918	\$ 38,207
Accrued and other liabilities	26,618	-	-	520	-	-	27,138
Deferred revenue	8,018	257,850	183,027	42,693	-	32,674	524,262
Total liabilities	67,819	260,314	183,027	44,855	-	33,592	589,607
<b>Fund Balances</b>							
Reserved for:							
Noncurrent receivable	-	-	-	-	-	21,432	21,432
Cemetery	4,890	-	-	-	-	-	4,890
Unreserved and undesignated, reported in:							
General Fund	526,352	-	-	-	-	-	526,352
Special Revenue Funds	-	322,886	213,089	610,290	-	187,299	1,333,564
Debt Service Funds	-	-	-	-	143	-	143
Total fund balances	531,242	322,886	213,089	610,290	143	208,731	1,886,381
Total liabilities and fund balances	<b>\$ 599,061</b>	<b>\$ 583,200</b>	<b>\$ 396,116</b>	<b>\$ 655,145</b>	<b>\$ 143</b>	<b>\$ 242,323</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	9,438,604
Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures	524,262
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(797,734)
Internal Service Funds are included as part of governmental activities	103,569
Net assets of governmental activities	<b>\$ 11,155,082</b>



# City of Springfield

## Statement of Revenue, Expenditures and Changes in Fund Balances Year Ended June 30, 2004

	General Fund	Major Streets Fund	Local Streets Fund	Income Tax Fund	Bond Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>							
Taxes	\$ 998,649	\$ -	\$ -	\$ 636,448	\$ -	\$ -	\$ 1,635,097
Special assessments	-	47,359	39,551	-	-	16,451	103,361
Licenses and permits	43,570	-	-	-	-	52,785	96,355
Federal sources	25,230	-	-	-	-	11,356	36,586
State sources	792,874	317,503	120,030	-	-	-	1,230,407
Charges for services	10,116	-	-	-	-	3,719	13,835
Fines and forfeitures	51,517	-	-	-	-	44,619	96,136
Interest and rentals	2,351	802	950	20,896	3	743	25,745
Other	120,376	646	702	183	-	9,533	131,440
<b>Total revenue</b>	<b>2,044,683</b>	<b>366,310</b>	<b>161,233</b>	<b>657,527</b>	<b>3</b>	<b>139,206</b>	<b>3,368,962</b>
<b>Expenditures - Current</b>							
General government	491,212	-	-	-	-	-	491,212
Public safety	1,784,161	-	-	-	-	-	1,784,161
Public works	48,460	-	-	-	-	-	48,460
Highways and streets	74,713	807,458	289,470	-	-	-	1,171,641
Cemetery	75,015	-	-	-	-	-	75,015
Buildings and grounds	52,494	-	-	-	-	-	52,494
Debt service	-	-	-	-	169,605	-	169,605
Other	-	30,906	9,670	143,761	-	192,649	376,986
Recreation	10,135	-	-	-	-	-	10,135
<b>Total expenditures</b>	<b>2,536,190</b>	<b>838,364</b>	<b>299,140</b>	<b>143,761</b>	<b>169,605</b>	<b>192,649</b>	<b>4,179,709</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(491,507)</b>	<b>(472,054)</b>	<b>(137,907)</b>	<b>513,766</b>	<b>(169,602)</b>	<b>(53,443)</b>	<b>(810,747)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	401,400	407,000	150,000	-	169,605	-	1,128,005
Transfers out	-	(50,000)	(55,631)	(1,022,375)	-	(5,100)	(1,133,106)
Transfers from component units to primary government	-	170,000	50,000	-	-	-	220,000
<b>Total other financing sources (uses)</b>	<b>401,400</b>	<b>527,000</b>	<b>144,369</b>	<b>(1,022,375)</b>	<b>169,605</b>	<b>(5,100)</b>	<b>214,899</b>
<b>Net Change in Fund Balances</b>	<b>(90,107)</b>	<b>54,946</b>	<b>6,462</b>	<b>(508,609)</b>	<b>3</b>	<b>(58,543)</b>	<b>(595,848)</b>
<b>Fund Balances - Beginning of year</b>	<b>621,349</b>	<b>267,940</b>	<b>206,627</b>	<b>1,118,899</b>	<b>140</b>	<b>267,274</b>	<b>2,482,229</b>
<b>Fund Balances - End of year</b>	<b>\$ 531,242</b>	<b>\$ 322,886</b>	<b>\$ 213,089</b>	<b>\$ 610,290</b>	<b>\$ 143</b>	<b>\$ 208,731</b>	<b>\$ 1,886,381</b>

# City of Springfield

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## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2004

**Net Change in Fund Balances - Total Governmental Funds** \$ (595,848)

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures; in the statement  
of activities, these costs are allocated over their estimated useful lives as  
depreciation:

Asset purchases	986,625
Depreciation	(504,330)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(26,346)
--	----------

Repayment of debt principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	140,000
--	---------

Increase in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities	(10,520)
--	----------

Internal Service Fund activity reported in the governmental activities:

Net income	(4,352)
Interfund transfer	<u>5,100</u>

**Change in Net Assets of Governmental Activities** \$ (9,671)

# City of Springfield

## Proprietary Funds Statement of Net Assets June 30, 2004

	Water Fund	Sewer Fund	Refuse Fund	Total	Internal Service Fund
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 267,940	\$ 165,953	\$ 28,168	\$ 462,061	\$ 64,328
Receivables:					
Customer	64,564	79,034	33,603	177,201	212
Special assessment	-	32,294	-	32,294	-
Due from other governmental units	68,298	-	-	68,298	-
Total current assets	400,802	277,281	61,771	739,854	64,540
Noncurrent assets - Capital assets	1,342,839	1,630,840	-	2,973,679	140,871
Total assets	1,743,641	1,908,121	61,771	3,713,533	205,411
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	2,260	488	11,283	14,031	2,681
Due to other governmental units	-	5,982	-	5,982	-
Deferred revenue	-	32,294	-	32,294	-
Current portion of long-term debt	-	-	-	-	17,027
Total current liabilities	2,260	38,764	11,283	52,307	19,708
Long-term debt	-	-	-	-	82,134
Total liabilities	2,260	38,764	11,283	52,307	101,842
<b>Net Assets</b>					
Investment in capital assets - Net of related debt	1,342,839	1,630,840	-	2,973,679	58,737
Unrestricted	398,542	238,517	50,488	687,547	44,832
Total net assets	<u>\$ 1,741,381</u>	<u>\$ 1,869,357</u>	<u>\$ 50,488</u>	<u>\$ 3,661,226</u>	<u>\$ 103,569</u>

# City of Springfield

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2004

	Water Fund	Sewer Fund	Refuse Fund	Total	Internal Service Fund
<b>Operating Revenue</b>					
Charges for services	\$ 426,423	\$ 434,483	\$ 147,110	\$ 1,008,016	\$ 143,983
Miscellaneous	18,916	24,816	-	43,732	1,022
Total operating revenue	445,339	459,299	147,110	1,051,748	145,005
<b>Operating Expenses</b>					
Operating expenses	362,688	496,185	144,932	1,003,805	90,305
Depreciation	45,735	92,282	-	138,017	58,125
Total operating expenses	408,423	588,467	144,932	1,141,822	148,430
<b>Operating Income (Loss)</b>	36,916	(129,168)	2,178	(90,074)	(3,425)
<b>Nonoperating Revenue (Expense)</b>					
Interest income	2,507	1,688	130	4,325	156
Interest expense	-	-	-	-	(6,183)
Transfer	-	-	-	-	5,100
Total nonoperating revenue (expense)	2,507	1,688	130	4,325	(927)
<b>Change in Net Assets</b>	39,423	(127,480)	2,308	(85,749)	(4,352)
<b>Net Assets - Beginning of year</b>	1,701,958	1,996,837	48,180	3,746,975	107,921
<b>Net Assets - End of year</b>	<u>\$ 1,741,381</u>	<u>\$ 1,869,357</u>	<u>\$ 50,488</u>	<u>\$ 3,661,226</u>	<u>\$ 103,569</u>

# City of Springfield

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2004

	Water Fund	Sewer Fund	Refuse Fund	Totals	Internal Service Fund
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 415,478	\$ 428,042	\$ 145,395	\$ 988,915	\$ 144,147
Payments to suppliers	(277,030)	(375,893)	(145,193)	(798,116)	(56,094)
Payments to employees	(85,836)	(81,528)	(10,100)	(177,464)	(33,718)
Internal activity - Payments to other funds	-	20,687	-	20,687	-
Other receipts	18,916	24,816	-	43,732	1,022
Net cash provided by (used in) operating activities	71,528	16,124	(9,898)	77,754	55,357
<b>Cash Flows from Capital and Related Financing Activities</b>					
Collection of customer assessments (principal and interest)	-	(18,402)	-	(18,402)	-
Principal and interest payments	-	-	-	-	(23,318)
Purchase of capital assets	(99,170)	(37,834)	-	(137,004)	(34,512)
Transfer	-	-	-	-	5,100
Net cash used in capital and related financing activities	(99,170)	(56,236)	-	(155,406)	(52,730)
<b>Cash Flows from Investing Activities -</b>					
Interest received on investments	2,507	1,688	130	4,325	156
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(25,135)	(38,424)	(9,768)	(73,327)	2,783
<b>Cash and Cash Equivalents - Beginning of year</b>	293,075	204,377	37,936	535,388	61,545
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 267,940</u>	<u>\$ 165,953</u>	<u>\$ 28,168</u>	<u>\$ 462,061</u>	<u>\$ 64,328</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents - Cash and investments</b>	<u>\$ 267,940</u>	<u>\$ 165,953</u>	<u>\$ 28,168</u>	<u>\$ 462,061</u>	<u>\$ 64,328</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ 36,916	\$ (129,168)	\$ 2,178	\$ (90,074)	\$ (3,425)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	45,735	92,282	-	138,017	58,125
Changes in assets and liabilities:					
Receivables	(10,945)	(13,888)	(1,715)	(26,548)	164
Other assets	-	28,134	-	28,134	-
Accounts payable	(178)	488	(10,361)	(10,051)	493
Accrued and other liabilities	-	38,276	-	38,276	-
Net cash provided by (used in) operating activities	<u>\$ 71,528</u>	<u>\$ 16,124</u>	<u>\$ (9,898)</u>	<u>\$ 77,754</u>	<u>\$ 55,357</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended June 30, 2004, there were no noncash activities.

# City of Springfield

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## Fiduciary Funds Statement of Net Assets June 30, 2004

	Retirement and Other Employee Benefit Funds
<b>Assets - Investments</b>	<b>\$ 75,473</b>
<b>Net Assets - Held in trust for pension and other employee benefits</b>	<b>\$ 75,473</b>

# City of Springfield

## Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2004

	Retirement Fund	Retiree Benefits Fund
<b>Additions</b>		
Interest and dividends	\$ 13	\$ 8,309
Contributions	-	10,000
Total additions	13	18,309
<b>Transfer of Assets to MERS</b>	(39,292)	-
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>		
Beginning of year	39,279	57,164
End of year	<u>\$ -</u>	<u>\$ 75,473</u>

# City of Springfield

## Component Units Statement of Net Assets (Deficit) June 30, 2004

	Tax Increment Finance Authority Project A	Tax Increment Finance Authority Project B	Tax Increment Finance Authority Project C	Tax Increment Finance Authority Project D	Totals
<b>Assets</b>					
Cash and cash equivalents	\$ 70,066	\$ 88,381	\$ 124,099	\$ 254,695	\$ 537,241
Investments	-	100,079	-	403,314	503,393
Special assessment receivable	-	139,148	-	21,307	160,455
Total assets	70,066	327,608	124,099	679,316	1,201,089
<b>Liabilities</b>					
Accounts payable	-	-	-	46	46
Notes payable, due within one year	-	30,000	45,000	130,000	205,000
Notes payable, due in more than one year	-	800,000	145,000	570,000	1,515,000
Total liabilities	-	830,000	190,000	700,046	1,720,046
<b>Net Assets (Deficit) - Unrestricted</b>	<b>\$ 70,066</b>	<b>\$ (502,392)</b>	<b>\$ (65,901)</b>	<b>\$ (20,730)</b>	<b>\$ (518,957)</b>



# City of Springfield, Michigan

## Component Units Statement of Activities Year Ended June 30, 2004

	Expenses	Operating Grants/ Contributions	Tax Increment Finance Authority Project A	Tax Increment Finance Authority Project B	Tax Increment Finance Authority Project C	Tax Increment Finance Authority Project D	Total
Tax Increment Finance Authority Project A	\$ 3,429	\$ -	\$ (3,429)	\$ -	\$ -	\$ -	\$ (3,429)
Tax Increment Finance Authority Project B	290,940	10,249	-	(280,691)	-	-	(280,691)
Tax Increment Finance Authority Project C	31,590	-	-	-	(31,590)	-	(31,590)
Tax Increment Finance Authority Project D	77,065	1,395	-	-	-	(75,670)	(75,670)
Total governmental activities	<u>\$ 403,024</u>	<u>\$ 11,644</u>	(3,429)	(280,691)	(31,590)	(75,670)	(391,380)
<b>General Revenues</b>							
Property taxes			20,738	116,735	101,434	210,403	449,310
Interest income			334	399	339	4,163	5,235
Miscellaneous			-	-	-	324	324
Total general revenues			<u>21,072</u>	<u>117,134</u>	<u>101,773</u>	<u>214,890</u>	<u>454,869</u>
<b>Change in Net Assets (Deficit)</b>			17,643	(163,557)	70,183	139,220	63,489
<b>Net Assets (Deficit) - Beginning of year</b>			<u>52,423</u>	<u>(338,835)</u>	<u>(136,084)</u>	<u>(159,950)</u>	<u>(582,446)</u>
<b>Net Assets (Deficit) - End of year</b>			<u>\$ 70,066</u>	<u>\$ (502,392)</u>	<u>\$ (65,901)</u>	<u>\$ (20,730)</u>	<u>\$ (518,957)</u>

## Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Springfield (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Springfield:

### **Reporting Entity**

The City of Springfield is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

**Discretely Presented Component Units** - The Economic Development Corporation (EDC) was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in locating and expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The EDC's governing body, which consists of nine individuals, is selected by the mayor of the City of Springfield with advice and consent of the City council. The EDC board governs the Tax Increment Finance Authority Development Areas A, B, C and D. The TIFA funds are reported within the component units column of the financial statements in order to emphasize that they are legally separate from the City. The EDC holds no assets and records no activity.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## Note 1 - Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

## Note 1 - Summary of Significant Accounting Policies (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Major Streets Fund** - The Major Streets Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.

**Local Streets Fund** - The Local Streets Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on local streets.

**Income Tax Fund** - The Income Tax Fund accounts for income tax revenues received by the City during the year.

**Bond Redemption Fund** - The Bond Redemption Fund accounts for the retirement of the City's outstanding debt.

The City reports the following major proprietary funds:

**Water Fund** - The Water Fund is a municipal utility formed by City Charter to pump and distribute the City water supply.

**Sewer Fund** - The Sewer Fund is a municipal utility formed by City Charter to operate and maintain the wastewater collections and treatment.

**Refuse Fund** - The Refuse Fund is formed by City Charter to operate and maintain the refuse collection for the City.

Additionally, the City reports the following fund type:

**Internal Service Fund** - The Internal Service Fund accounts for vehicle purchases and operations.

## Note 1 - Summary of Significant Accounting Policies (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### **Property Tax Revenue**

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on December 1 of the following year, at which time penalties and interest are assessed.

The City of Springfield's 2003 ad valorem tax is levied and collectible on July 1, 2003 and is recognized as revenue in the year ended June 30, 2004, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2003 taxable valuation of the City of Springfield totaled \$77 million (a portion of which is abated and a portion of which is captured by the TIFAs), on which ad valorem taxes levied consisted of 14.0000 mills for operating purposes and 1.0000 mill for pension. This resulted in \$765,000 for operating and \$54,000 for pension. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue.

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Roads and sidewalks	20 to 40 years
Buildings and building improvements	7 to 50 years
Water and sewer distribution systems	20 to 40 years
Land improvements	20 to 40 years
Vehicles	5 to 20 years
Furniture and fixtures	5 to 7 years
Other tools and equipment	3 to 7 years

## Note 1 - Summary of Significant Accounting Policies (Continued)

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Accounting Change** - Effective July 1, 2003, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with the related statements and interpretations. The City of Springfield has applied the provisions of this statement in the accompanying financial statements (including the notes to the financial statements). The City has elected to implement both the general provisions of the statement and the retroactive reporting of the infrastructure in the current year. Certain significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.)

### Note 1 - Summary of Significant Accounting Policies (Continued)

- A change in the fund financial statements to focus on the major funds
- Capital assets in the governmental activities column of the statement of net assets includes assets totaling approximately \$8,750,998 that would previously have been reported in the General Fixed Assets Account Group and a prior period adjustment of \$687,606 which was a result of revaluing the City assets
- The governmental activities column includes bonds and other long-term obligations totaling \$897,000, previously reported in the General Long-term Debt Account Group.

### Note 2 - Deposits and Investments

The City's deposits and investments are included on the balance sheet under the following classifications:

Cash and cash equivalents	\$ 1,292,942
Investments	<u>862,690</u>
Total	<u>\$ 2,155,632</u>

The above amounts are classified by Governmental Accounting Standards Board Statement Number 3 in the following categories:

Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 981,755
Investments in securities, mutual funds, and similar vehicles	1,173,177
Petty cash or cash on hand	<u>700</u>
Total	<u>\$ 2,155,632</u>

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.



## Note 2 - Deposits and Investments (Continued)

The City has designated two banks for the deposit of its Local Unit funds. The City of Springfield's deposits and investment policies are in accordance with statutory authority.

**Deposits** - The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$1,188,611, of which \$100,000 was covered by Federal Depository Insurance. The City believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Investments** - The City is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles.

The City's investments during the year consisted solely of bank investment pool and mutual funds. Investments are normally categorized to give an indication of the level of risk assumed by the City; however, these funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The City believes that the investments in these funds comply with the investment authority noted above.

The mutual funds registered with the SEC and the bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool shares.

**Component Units** - The cash and cash equivalents of the City's component units consist of bank deposits of \$394,140 and bank investment pools of \$143,101. These cash and cash equivalents are insured up to \$100,000 by federal depository insurance. The investments of the City's component units consist of mutual funds of \$503,393.

### Note 3 - Receivables

Receivables as of year end for the City of Springfield's individual major funds and the nonmajor and Internal Service Funds in the aggregate, are as follows:

	General Fund	Major Streets Fund	Local Streets Fund	Income Tax Fund	Nonmajor Funds	Internal Service Fund	Total
Receivables:							
Taxes	\$ 19,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,739
Special assessment	-	252,850	183,027	-	21,286	-	457,163
Customer	-	-	-	-	-	212	212
Other	12,819	-	-	91,405	-	-	104,224
Net receivables	<u>\$ 32,558</u>	<u>\$ 252,850</u>	<u>\$ 183,027</u>	<u>\$ 91,405</u>	<u>\$ 21,286</u>	<u>\$ 212</u>	<u>\$ 581,338</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Delinquent property taxes	\$ 8,018	\$ -
Income taxes	42,693	-
Special assessments	455,670	-
Grant payments received prior to meeting all eligibility requirements	-	17,881
Total	<u>\$ 506,381</u>	<u>\$ 17,881</u>

### Note 4 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

<b>Governmental Activities</b>	Balance July 1, 2003	Additions	Disposals and Adjustments	Balance June 30, 2004
Capital assets not being depreciated - Land	\$ 1,208,529	\$ 61,565	\$ -	\$ 1,270,094
Capital assets being depreciated:				
Roads and sidewalks	18,894,398	870,754	-	19,765,152
Buildings and improvements	2,049,794	14,475	-	2,064,269
Land improvements	22,762	-	-	22,762
Vehicles	1,088,972	36,042	96,442	1,028,572
Furniture and fixtures	79,535	5,100	400	84,235
Other tools and equipment	483,732	34,731	29,128	489,335
Subtotal	22,619,193	961,102	125,970	23,454,325
Accumulated depreciation:				
Roads and sidewalks	12,729,298	397,373	-	13,126,671
Buildings and improvements	694,092	53,017	-	747,109
Land improvements	4,898	1,138	-	6,036
Vehicles	906,488	58,125	76,912	887,701
Furniture and fixtures	63,319	8,051	400	70,970
Other tools and equipment	290,834	44,751	29,128	306,457
Subtotal	14,688,929	562,455	106,440	15,144,944
Net capital assets being depreciated	7,930,264	398,647	19,530	8,309,381
Net capital assets	<u>\$ 9,138,793</u>	<u>\$ 460,212</u>	<u>\$ 19,530</u>	<u>\$ 9,579,475</u>

### Note 4 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance July 1, 2003	Additions	Disposals and Adjustments	Balance June 30, 2004
Capital assets being depreciated:				
Water and sewer distribution systems	\$ 5,775,109	\$ 63,023	\$ -	\$ 5,838,132
Other tools and equipment	<u>138,497</u>	<u>73,981</u>	<u>-</u>	<u>212,478</u>
Subtotal	5,913,606	137,004	-	6,050,610
Accumulated depreciation:				
Water and sewer distribution systems	2,899,765	132,050	-	3,031,815
Other tools and equipment	<u>39,149</u>	<u>5,967</u>	<u>-</u>	<u>45,116</u>
Subtotal	<u>2,938,914</u>	<u>138,017</u>	<u>-</u>	<u>3,076,931</u>
Net capital assets being depreciated	<u>2,974,692</u>	<u>(1,013)</u>	<u>-</u>	<u>2,973,679</u>
Net capital assets	<u>\$ 2,974,692</u>	<u>\$ (1,013)</u>	<u>\$ -</u>	<u>\$ 2,973,679</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 49,666
Public safety	28,242
Public works	407,328
Cemetery	19,094
Internal Service Fund	<u>58,125</u>
Total governmental activities	<u>\$ 562,455</u>
Business-type activities:	
Water	\$ 45,735
Sewer	<u>92,282</u>
Total business-type activities	<u>\$ 138,017</u>

### Note 5 - Interfund Transfers

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
Income Tax Fund	General Fund	\$ 401,400
Income Tax Fund	Major Streets Fund	407,000
Income Tax Fund	Local Streets Fund	100,000
Income Tax Fund	Debt Service Fund	113,975
Major Streets Fund	Local Streets Fund	50,000
Local Streets Fund	Debt Service Fund	55,631
Drug Law Enforcement Fund	Internal Service Fund	1,500
Local Law Enforcement Fund	Internal Service Fund	<u>3,600</u>
Total		<u>\$ 1,133,106</u>
Component Unit		
TIFA B Fund	Major Streets Fund	\$ 170,000
TIFA B Fund	Local Streets Fund	<u>50,000</u>
		<u>\$ 220,000</u>

The transfers from the Income Tax Fund to the General Fund, Major Streets Fund, Local Streets Fund, and Debt Service Fund represent the funding of projects and debt service payments. The transfer from the Major Streets Fund to the Local Streets Fund represents the sharing of gas and weight tax revenues, in accordance with Act 51; the transfer from the TIFA B Fund to the Major and Local Streets Funds represents the funding of projects. All other transfers relate to the funding of debt service payments.

### Note 6 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the district) are received.

#### Changes in Long-term Debt

The following are summaries of long-term debt transactions of the City for the year ended June 30, 2004:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 125,000	\$ -	\$ 25,000	\$ 100,000	\$ 50,000
Special assessment bonds	130,000	-	45,000	85,000	40,000
Capital appreciation bonds	15,000	-	-	15,000	15,000
1995 Public Improvement City share bonds	135,000	-	15,000	120,000	15,000
1995 Michigan transportation bonds	310,000	-	40,000	270,000	40,000
1995 Public Improvement Special Assessment bonds	105,000	-	15,000	90,000	15,000
Installment loan	116,296	-	17,135	99,161	17,027
Other liabilities - Compensated absences	107,215	10,519	-	117,734	-
Total governmental activities	<u>\$ 1,043,511</u>	<u>\$ 10,519</u>	<u>\$ 157,135</u>	<u>\$ 896,895</u>	<u>\$ 192,027</u>
<b>Component Units</b>					
1991 Tax Increment Bonds	\$ 225,000	\$ -	\$ 75,000	\$ 150,000	\$ 75,000
1993 Tax Increment Bonds	230,000	-	40,000	190,000	45,000
1999 Tax Increment Bonds	860,000	-	30,000	830,000	30,000
2003 Tax Increment Bonds	600,000	-	50,000	550,000	55,000
Total component units	<u>\$ 1,915,000</u>	<u>\$ -</u>	<u>\$ 195,000</u>	<u>\$ 1,720,000</u>	<u>\$ 205,000</u>

### Note 6 - Long-term Debt (Continued)

The accrued vacation and longevity payable represents the estimated liability to be paid governmental fund-type employees under the City's vacation and longevity policy. Under the City's policy, employees earn vacation time and longevity based on time of service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

#### Debt Service Requirements

The annual requirements to service all debt outstanding as of June 30, 2004 (excluding employee benefits), including both principal and interest are as follows:

	Governmental Activities		
	Principal	Interest	Total
2005	\$ 192,027	\$ 42,939	\$ 234,966
2006	188,908	30,992	219,900
2007	99,925	23,709	123,634
2008	123,301	18,194	141,495
2009	85,000	12,562	97,562
2010-2015	90,000	5,310	95,310
Total	<u>\$ 779,161</u>	<u>\$ 133,706</u>	<u>\$ 912,867</u>

### Note 6 - Long-term Debt (Continued)

#### Outstanding Debt

The following is a summary of the debt outstanding of the City as of June 30, 2004:

#### Governmental Activities:

1991 Capital Appreciation Bonds, payable in one installment of \$15,000, including interest at 7.5%, due November 1, 2005	\$ 15,000
1991 Special Assessment Bonds, payable in annual installments of \$40,000 to \$45,000, plus interest at 6.7% through 2006	85,000
1991 General Obligation Limited Tax Bonds, payable in annual installments of \$50,000, plus interest at 6.7% through 2006	100,000
1995 Public Improvement City Share Bonds, payable in annual installments of \$15,000 to \$25,000, plus interest at rates from 5.5% to 5.9% through 2010	120,000
1995 Michigan Transportation Fund Bonds, payable in annual installments of \$40,000 to \$50,000, plus interest at rates from 5.4% to 5.9% through 2010	270,000
1995 Public Improvement Special Assessment Bonds, payable in annual installments of \$15,000, plus interest at rates from 5.5% to 5.9% through 2010	90,000
Installment note, payable in 15 equal annual installments of \$23,319, including interest at the five-year U.S. Treasury Bill Index as of July 15, 2003 plus 150 basis points	99,161
Accrued vacation and longevity payable	<u>117,734</u>
Total governmental activity debt	<u>\$ 896,895</u>



### Note 6 - Long-term Debt (Continued)

#### **Component Units:**

1991 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$75,000, plus interest at rates from 6.7% to 6.75% through 2006	\$ 150,000
1993 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$45,000 to \$50,000, plus interest at rates from 5.05% to 5.3% through 2008	190,000
1999 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$30,000 to \$85,000, plus interest at rates from 4.20% to 5.2% through 2019	830,000
2003 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$50,000 to \$70,000, plus interest at rates from 2.0% to 4.1% through 2013	<u>550,000</u>
Total component units	<u>\$ 1,720,000</u>

Note: The component units have agreed to pay for 35 percent of the 1991 Special Assessment Bonds out of proceeds from special assessments.

#### **Interest Incurred**

Interest expense for the year ended June 30, 2004 amounted to approximately \$46,000 in the Debt Service Funds, \$6,200 in the Internal Service Fund, and \$86,000 in the Component Units.

## Note 7 - Budget Information

The annual budget is prepared by the City management and adopted by the City Council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2004 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted on a departmental basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget, as adopted by the City Council, is included in the required supplemental information. A comparison of the actual results of operations to the major Special Revenue Fund budgets, as adopted by the City Council, is also included in the required supplemental information. Budgets for non-major Special Revenue Funds are available at the treasurer's office for inspection.

The City's only significant expenditure budget overruns was as follows:

	<u>Budget</u>	<u>Actual</u>
Major Street Fund - Highway and streets	\$ 805,700	\$ 807,458

### Note 8 - Segment Information for Enterprise Funds

The City maintains three Enterprise Funds that provide water, sewer, and refuse services. Segment information for the year ended June 30, 2004 was as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>
Operating revenue	\$ 445,339	\$ 459,299	\$ 147,110	\$ 1,051,748
Operating income (loss)	36,916	(129,168)	2,178	(90,074)
Nonoperating revenue - Interest	2,507	1,688	130	4,325
Net income (loss)	39,423	(127,480)	2,308	(85,749)
Land, buildings and equipment:				
Additions	99,170	37,834	-	137,004
Depreciation expense	45,735	92,282	-	138,017
Net working capital	398,542	238,517	50,488	687,547
Total assets	1,743,641	1,908,121	61,771	3,713,533
Total equity	1,741,381	1,869,357	50,488	3,661,226

## Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for employee health and life and retiree health and life claims (see Note 11). The City participates in the Michigan Municipal Risk Management Authority for claims relating to auto, liability, and property damage and the Michigan Municipal Workers' Compensation Fund for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

The Michigan Municipal Workers' Compensation Fund operates as a common risk-sharing program for Michigan municipalities. Member premiums are used to purchase excess insurance coverage and to pay member claims and expenses.

## Note 10 - Defined Benefit Pension Plans

### Plan Description

**Municipal Employees' Retirement System** - The City participates in the Municipal Employees' Retirement System (MERS), which is an agent multiple-employer defined benefit pension plan that covers all full-time employees of the City. The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

The City formerly administered a Public Safety Officers' Retirement Fund. During June 30, 2004, the City transferred the remaining Public Safety Defined Benefit Pension Plan funds to MERS. Total assets of \$39,292 were transferred to MERS in June 2004.

## Note 10 - Defined Benefit Pension Plans (Continued)

### Annual Pension Cost

#### **Municipal Employees' Retirement System - General Employees Division -**

For year ended June 30, 2004, the City's annual pension cost of \$38,148 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2001, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8.0 percent investment rate of return, and (b) projected salary increases of 5.0 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 4.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5 percent per year after retirement for certain benefit provisions. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

**Municipal Employees' Retirement System - Public Safety Division -** For the year ended June 30, 2004, the City's annual pension of \$107,089 for the plan was equal to the City's required and actual contribution. The actuarial valuation at August 1, 2002 used the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 percent investment rate of return, (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases depending on age, attributable to seniority/merit. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

### Contributions

**General Employee Division -** The obligation to contribute to and maintain the System for these employees was established by negotiation with the City's competitive bargaining units and requires no contribution from the employees.

**Public Safety Division -** The obligation to contribute to and maintain the System for these employees was established by negotiation with the City's competitive bargaining units and requires a contribution from the employees of 8 percent to 10 percent.

### Note 10 - Defined Benefit Pension Plans (Continued)

#### Trend Information

##### General Employee Division

	Fiscal Year Ended June 30		
	2002	2003	2004
Annual pension costs (APC)	\$ 7,493	\$ 18,227	\$ 38,148
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
	Actuarial Valuation as of December 31		
	2001	2002	2003
Actuarial value of assets	\$ 2,080,846	\$ 2,007,703	\$ 6,611,003
Actuarial Accrued Liability (AAL)			
(entry age)	2,055,786	2,098,078	7,222,416
(Overfunded) Underfunded AAL	(25,061)	90,375	611,413
Funded ratio	101.0%	95.7%	91.5%

The actuarial valuation as of December 31, 2003 includes all the divisions of the City, including the Public Safety division.

##### Public Safety Division

	Fiscal Year Ended June 30		
	2002	MMERS Initial Valuation 2003	2004
Annual pension costs (APC)	\$ 57,727	\$ 105,702	\$ 133,488
Percentage of APC contributed	106.0%	106.0%	106.0%
Net pension obligation	-	-	-
	Initial Actuarial Valuation as of August 1		
	2002		
Actuarial value of assets	\$ 3,600,000		
Actuarial Accrued Liability (AAL)			
(entry age)	4,799,941		
(Overfunded) Underfunded AAL	1,199,941		
Funded ratio	75.0%		
Covered payroll	994,154		
UAAL as a percentage of payroll	120.70%		

## Note 11 - Postemployment Benefits

The City of Springfield provides health and life insurance benefits to all full-time employees upon retirement, in accordance with labor contracts. Currently, 12 retirees are eligible. Expenditures for postemployment benefits are recognized as insurance premiums become due. During the year, these expenditures amounted to \$30,614.

## Note 12 - Upcoming Reporting Change

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2010.

## Required Supplemental Information

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# City of Springfield

## Required Supplemental Information General Fund Schedule of Revenue - Budget and Actual Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Taxes:				
Operating	\$ 946,500	\$ 911,000	\$ 911,359	\$ 359
Pension	66,100	66,100	65,099	(1,001)
Tax collection fees	16,900	14,200	14,264	64
Penalties and interest	7,000	7,000	6,522	(478)
Total taxes	1,036,500	998,300	997,244	(1,056)
Licenses and permits:				
Trailer fees	1,700	1,700	1,405	(295)
Business licenses	2,200	2,200	2,870	670
Liquor licenses	4,100	4,100	4,578	478
Cable franchise fees	38,000	38,000	36,122	(1,878)
Total licenses and permits	46,000	46,000	44,975	(1,025)
State sources:				
Police training grant	5,100	5,100	4,039	(1,061)
Statutory sales tax	506,200	446,800	446,678	(122)
Constitutional sales tax	348,100	343,000	342,157	(843)
Total state sources	859,400	794,900	792,874	(2,026)
Federal sources	-	25,230	25,230	-
Fines and forfeitures	55,600	55,600	51,517	(4,083)
Interest earned	8,000	8,000	2,351	(5,649)
Other:				
Parks and recreational fees	1,500	1,500	3,860	2,360
Cemetery lot sales and openings	7,000	7,000	6,256	(744)
Sale of City property	20,000	13,600	13,692	92
Other refunds	1,600	11,200	11,273	73
Miscellaneous	71,400	76,370	95,411	19,041
Total other	101,500	109,670	130,492	20,822
Total revenue	<u>\$ 2,107,000</u>	<u>\$ 2,037,700</u>	<u>\$ 2,044,683</u>	<u>\$ 6,983</u>

# City of Springfield

## Required Supplemental Information General Fund Schedule of Expenditures - Budget and Actual Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures</b>				
General government:				
City council	\$ 39,200	\$ 39,200	\$ 36,217	\$ 2,983
City manager	50,400	55,300	54,027	1,273
Elections	5,200	5,200	2,684	2,516
City assessor	78,600	82,400	81,351	1,049
City attorney	21,000	10,000	9,978	22
Treasurer	203,100	214,400	203,819	10,581
Clerk	100,000	104,800	103,136	1,664
Total general government	497,500	511,300	491,212	20,088
Public Safety - Public safety office	1,764,300	1,808,500	1,784,161	24,339
Public works	98,400	94,000	48,460	45,540
Street lights	78,000	78,000	74,713	3,287
Cemetery	63,500	80,700	75,015	5,685
Building and grounds	55,200	60,200	52,494	7,706
Recreation	9,000	11,500	10,135	1,365
Total expenditures	<u>\$ 2,565,900</u>	<u>\$ 2,644,200</u>	<u>\$ 2,536,190</u>	<u>\$ 108,010</u>

# City of Springfield

## Required Supplemental Information Major Special Revenue Funds Budgetary Comparison Schedule Year Ended June 30, 2004

	Major Streets Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State sources	\$ 325,600	\$ 325,600	\$ 317,503	\$ (8,097)
Special assessments	41,100	41,100	47,359	6,259
Interest earned	-	-	802	802
Other - Miscellaneous	-	-	646	646
Total revenue	<u><b>\$ 366,700</b></u>	<u><b>\$ 366,700</b></u>	<u><b>\$ 366,310</b></u>	<u><b>\$ (390)</b></u>
<b>Expenditures</b>				
Highways and streets	\$ 805,700	\$ 805,700	\$ 807,458	\$ (1,758)
Other	36,900	36,900	30,906	5,994
Total expenditures	<u><b>\$ 842,600</b></u>	<u><b>\$ 842,600</b></u>	<u><b>\$ 838,364</b></u>	<u><b>\$ 4,236</b></u>
	Local Streets Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State sources	\$ 109,200	\$ 109,200	\$ 120,030	\$ 10,830
Special assessments	32,000	32,000	39,551	7,551
Interest earned	-	-	950	950
Other - Miscellaneous	-	-	702	702
Total revenue	<u><b>\$ 141,200</b></u>	<u><b>\$ 141,200</b></u>	<u><b>\$ 161,233</b></u>	<u><b>\$ 20,033</b></u>
<b>Expenditures</b>				
Highways and streets	\$ 297,900	\$ 297,900	\$ 289,470	\$ 8,430
Other	10,200	10,200	9,670	530
Total expenditures	<u><b>\$ 308,100</b></u>	<u><b>\$ 308,100</b></u>	<u><b>\$ 299,140</b></u>	<u><b>\$ 8,960</b></u>

# City of Springfield

## Required Supplemental Information Major Special Revenue Funds (Continued) Budgetary Comparison Schedule Year Ended June 30, 2004

	Income Tax Fund			Variance with Amended Budget
	Original Budget	Amended Budget	Actual	
<b>Revenue</b>				
Taxes - Income taxes	\$ 777,600	\$ 777,600	\$ 636,448	\$ (141,152)
Interest earned	15,600	15,600	20,896	5,296
Other - Miscellaneous	-	-	183	183
Total revenue	<u>\$ 793,200</u>	<u>\$ 793,200</u>	<u>\$ 657,527</u>	<u>\$ (135,673)</u>
<b>Expenditures - Other</b>	<u>\$ 260,900</u>	<u>\$ 260,900</u>	<u>\$ 143,761</u>	<u>\$ 117,139</u>

## Other Supplemental Information

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# City of Springfield

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2004

	Special Revenue Funds				
	Drug Law Enforcement Fund	Economic Development Fund	Building Fund	Local Law Enforcement Grant Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash	\$ 33,329	\$ 54,749	\$ 4,155	\$ 7,293	\$ 99,526
Investments	-	100,079	-	-	100,079
Special assessment receivable	-	16,451	4,835	-	21,286
Notes receivable	-	21,432	-	-	21,432
Total assets	<u><b>\$ 33,329</b></u>	<u><b>\$ 192,711</b></u>	<u><b>\$ 8,990</b></u>	<u><b>\$ 7,293</b></u>	<u><b>\$ 242,323</b></u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 841	\$ 77	\$ -	\$ 918
Deferred revenue	-	16,451	3,342	12,881	32,674
Total liabilities	-	17,292	3,419	12,881	33,592
<b>Fund Balances - Unreserved</b>	<u>33,329</u>	<u>175,419</u>	<u>5,571</u>	<u>(5,588)</u>	<u>208,731</u>
Total liabilities and fund balances	<u><b>\$ 33,329</b></u>	<u><b>\$ 192,711</b></u>	<u><b>\$ 8,990</b></u>	<u><b>\$ 7,293</b></u>	<u><b>\$ 242,323</b></u>

# City of Springfield

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended June 30, 2004

	Special Revenue Funds				Total
	Drug Law Enforcement Fund	Economic Development Fund	Building Fund	Local Law Enforcement Grant Fund	Nonmajor Governmental Funds
<b>Revenue</b>					
Special assessments	\$ -	\$ 16,451	\$ -	\$ -	\$ 16,451
Licenses and permits	-	-	52,785	-	52,785
Charges for services	-	3,719	-	-	3,719
Federal sources	-	-	-	11,356	11,356
Fines and forfeitures	44,619	-	-	-	44,619
Interest income	183	445	30	85	743
Other	-	9,533	-	-	9,533
Total revenue	44,802	30,148	52,815	11,441	139,206
<b>Expenditures</b> - Administration and other	29,211	94,517	54,216	14,705	192,649
<b>Transfers</b>	(1,500)	-	-	(3,600)	(5,100)
<b>Net Change in Fund Balances</b>	14,091	(64,369)	(1,401)	(6,864)	(58,543)
<b>Fund Balances</b> - Beginning of year	19,238	239,788	6,972	1,276	267,274
<b>Fund Balances (Deficit)</b> - End of year	<u>\$ 33,329</u>	<u>\$ 175,419</u>	<u>\$ 5,571</u>	<u>\$ (5,588)</u>	<u>\$ 208,731</u>